



GARY R. HERBERT  
Governor

GREGORY S. BELL  
Lieutenant Governor

# State of Utah

## DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER  
Executive Director

### Division of Oil, Gas and Mining

JOHN R. BAZA  
Division Director

August 24, 2011

#### CERTIFIED RETURN RECEIPT

7004 1160 0003 0191 9196

Lon Thomas  
Star Stone Quarries  
4040 South 300 West  
Salt Lake City, Utah 84107

Subject: Evaluation of Reclamation Surety, Star Stone Quarries, Torrey Quarry, M/055/0016, Wayne County, Utah

Dear Mr. Thomas:

The Division of Oil, Gas and Mining's last reclamation cost estimate for the Torrey quarry was completed in 2006 and escalated to 2011 dollars, so the reclamation surety amount is now due for review and adjustment. The Division may adjust the amount of reclamation surety as the result of a periodic review taking into account inflation/deflation based on an acceptable cost index (R647-4-113.6).

The reclamation surety now required is \$40,000.00 as shown on the attached spreadsheet. This amount is based on the following:

1. The calculations and volumes used in 2006.
2. An increased mobilization charge (\$3000.00 versus \$2000.00 used in 2006). The Division has found, based on performing a few reclamation projects over about the last year, that mobilization costs are higher than previously believed. The Division is now using \$3200 per piece of equipment as the standard rate escalated five years into the future.
3. Inflation/deflation.

The increase over your current surety of \$35,000.00 may be submitted as cash, a certificate of deposit, a letter of credit, or a surety bond for either the increased or the total amount. You currently have a certificate of deposit with Wells Fargo Bank, and the interest in this account could be applied toward the increase.

Please remit the increased surety by October 31, 2011. If you have questions or need assistance with this process, please contact the Division's bonding coordinator, Penny Berry, at 801-538-5291 or by e mail at [bondcoordinator@utah.gov](mailto:bondcoordinator@utah.gov).

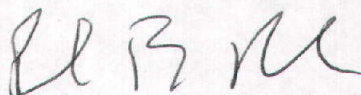




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Thank you for your cooperation. Please call me at 801-538-5261 or e mail me at [paulbaker@utah.gov](mailto:paulbaker@utah.gov) if you have questions about this letter.

Sincerely,

A handwritten signature in black ink, appearing to read 'PBB' followed by a stylized flourish.

Paul B. Baker  
Mining Program Manager

PBB:pb  
Enclosure: Bond escalation spreadsheet  
cc: Sue Fivecoat, Hanksville BLM  
P:\GROUPS\MINERALS\WP\M055-Wayne\M0550016-Torrey\_Quarry\final\escalate-05032011.doc



Torrey Quarry  
Surety Escalation

M/055/0016

May 4, 2011

Percentage increase/year

Surety amount in <year> dollars

2001	4.21%	1.0421	
2002	2.02%	1.0202	\$0.00
2003	1.71%	1.0171	\$0.00
2004	0.84%	1.0084	\$0.00
2005	3.99%	1.0399	\$0.00
2006	5.44%	1.0544	\$33,712.00
2007	2.12%	1.0212	\$35,545.93
2008	-3.40%	0.966	\$36,299.51
2009	2.90%	1.029	\$35,065.32
2010	1.80%	1.018	\$36,082.22
2011			\$36,731.70
2016		1.017	\$39,961.87
			\$40,000.00

Rounded to nearest \$100

Note: The surety amount is listed in the row of the year in which it was calculated.  
The escalation factor for a year is applied to the surety amount to take it to the next year.